



General Assembly

February Session, 2022

***Raised Bill No. 480***

LCO No. 4004



Referred to Committee on FINANCE, REVENUE AND BONDING

Introduced by:  
(FIN)

***AN ACT CONCERNING THE ESTABLISHMENT AND CERTIFICATION  
OF COMMUNITY DEVELOPMENT CORPORATIONS IN THE STATE.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

- 1 Section 1. (NEW) (*Effective July 1, 2022*) (a) As used in this section:
- 2 (1) "Certified community development corporation" means an
- 3 organization exempt from taxation under Section 501(c)(3) of the
- 4 Internal Revenue Code of 1986, or any subsequent corresponding
- 5 internal revenue code of the United States, as amended from time to
- 6 time, that (A) focuses a substantial majority of the community
- 7 development corporation's efforts on serving one or more target areas,
- 8 (B) has as its purpose to engage local residents and businesses to work
- 9 together to undertake community development programs, projects and
- 10 activities that develop and improve urban communities in sustainable
- 11 ways that create and expand economic opportunities for low and
- 12 moderate-income people, (C) demonstrates to the Office of Community
- 13 Economic Development Assistance established under subsection (b) of
- 14 this section that the community development corporation's

15 constituency is meaningfully represented on the board of directors of  
16 such community development corporation, through (i) the percentage  
17 of the board members who are residents of a target area or a community  
18 that such community development corporation serves or seeks to serve,  
19 (ii) the percentage of board members who are low or moderate-income,  
20 (iii) the racial and ethnic composition of the board in comparison to the  
21 racial and ethnic composition of the community such community  
22 development corporation serves or seeks to serve, or (iv) the use of  
23 mechanisms such as committees or membership meetings that the  
24 community development corporation uses to ensure that its  
25 constituency has a meaningful role in the governance and direction of  
26 the community development corporation, and (D) is certified by the  
27 Office of Community Economic Development Assistance pursuant to  
28 this section;

29 (2) "Department" means the Department of Economic and  
30 Community Development; and

31 (3) "Target area" means a contiguous geographic area in which the  
32 current unemployment rate exceeds the state unemployment rate by at  
33 least twenty-five per cent or in which the mean household income is at  
34 or below eighty per cent of the state mean household income, as  
35 determined by the most recent decennial census.

36 (b) (1) There is established an Office of Community Economic  
37 Development Assistance within the Department of Economic and  
38 Community Development. The office shall, within available  
39 appropriations, (A) provide assistance to organizations seeking to  
40 establish itself or be certified as a community development corporation  
41 in the state, (B) provide grants to certified community development  
42 corporations for projects to be undertaken in a target area, (C) serve as  
43 the liaison between community development corporations and  
44 investors seeking to invest funds in such community development  
45 corporations and provide assistance in soliciting investment funds for  
46 such community development corporations, and (D) seek to ensure  
47 coordinated, efficient and timely responses to such organizations,

48 community development corporations and investors.

49 (2) The office shall identify eligible target areas in the state and post  
50 such target areas on the department's Internet web site.

51 (c) (1) Any organization exempt from taxation under Section 501(c)(3)  
52 of the Internal Revenue Code of 1986, or any subsequent corresponding  
53 internal revenue code of the United States, as amended from time to  
54 time, may apply to the Office of Community Economic Development  
55 Assistance to establish itself as or be certified as a community  
56 development corporation in the state. The office shall prescribe the form  
57 and manner of such application.

58 (2) (A) Any existing community development corporation that  
59 operates or seeks to operate in the state may apply to the office to be  
60 certified. The office shall certify any community development  
61 corporation that is exempt from taxation under Section 501(c)(3) of said  
62 Internal Revenue Code and meets the requirements set forth in  
63 subparagraphs (A) to (C), inclusive, of subdivision (1) of subsection (a)  
64 of this section. Each community development corporation that is  
65 established pursuant to this section shall be deemed to be certified.

66 (B) The office shall maintain a current list of certified community  
67 development corporations and shall post such list on the Internet web  
68 site of the department.

69 (3) The Office of Community Economic Development Assistance  
70 shall establish a grant program for projects to be undertaken by a  
71 certified community development corporation in a target area. Such  
72 projects shall include, but not be limited to, infrastructure  
73 improvements, housing rehabilitation, streetscape improvements and  
74 facade improvements for businesses. The office shall establish the  
75 application form and process for such grant program, the criteria for  
76 eligible projects and for awarding grants and any caps or limits on the  
77 amount or number of grants awarded. The office shall post information  
78 concerning the grant program on the department's Internet web site.

79 (d) (1) Any investor that intends to invest funds in a certified  
80 community development corporation on the list maintained by the  
81 Office of Community Economic Development Assistance may apply to  
82 the office to reserve a credit against the tax imposed under chapter 208  
83 of the general statutes. Such credit shall be in an amount equal to fifty  
84 per cent of such investor's cash investment, provided the total credit  
85 allowed to any investor shall not exceed twenty-five thousand dollars.  
86 The credit shall be claimed in the income year in which such cash  
87 investment is made by the investor. The credit may be sold, assigned or  
88 otherwise transferred, in whole or in part.

89 (2) The aggregate amount of all tax credits that may be reserved  
90 under this section shall not exceed five million dollars.

91 (e) (1) For the purposes described in subdivision (2) of this subsection,  
92 the State Bond Commission shall have the power from time to time to  
93 authorize the issuance of bonds of the state in one or more series and in  
94 principal amounts not exceeding in the aggregate one hundred million  
95 dollars.

96 (2) The proceeds of the sale of such bonds, to the extent of the amount  
97 stated in subsection (a) of this section, shall be used by the Department  
98 of Economic and Community Development for the purposes of carrying  
99 out the duties of the Office of Community Economic Development  
100 Assistance under subsection (b) of this section and the grant program  
101 under subsection (c) of this section.

102 (3) All provisions of section 3-20 of the general statutes, or the exercise  
103 of any right or power granted thereby, that are not inconsistent with the  
104 provisions of this section are hereby adopted and shall apply to all  
105 bonds authorized by the State Bond Commission pursuant to this  
106 section. Temporary notes in anticipation of the money to be derived  
107 from the sale of any such bonds so authorized may be issued in  
108 accordance with section 3-20 of the general statutes and from time to  
109 time renewed. Such bonds shall mature at such time or times not  
110 exceeding twenty years from their respective dates as may be provided  
111 in or pursuant to the resolution or resolutions of the State Bond

112 Commission authorizing such bonds. None of such bonds shall be  
 113 authorized except upon a finding by the State Bond Commission that  
 114 there has been filed with it a request for such authorization that is signed  
 115 by or on behalf of the Secretary of the Office of Policy and Management  
 116 and states such terms and conditions as said commission, in its  
 117 discretion, may require. Such bonds issued pursuant to this section shall  
 118 be general obligations of the state and the full faith and credit of the state  
 119 of Connecticut are pledged for the payment of the principal of and  
 120 interest on such bonds as the same become due, and accordingly and as  
 121 part of the contract of the state with the holders of such bonds,  
 122 appropriation of all amounts necessary for punctual payment of such  
 123 principal and interest is hereby made, and the State Treasurer shall pay  
 124 such principal and interest as the same become due.

125 (f) Not later than July 1, 2023, and annually thereafter, the Office of  
 126 Community Economic Development Assistance shall submit a report,  
 127 in accordance with the provisions of section 11-4a of the general statutes,  
 128 to the joint standing committees of the General Assembly having  
 129 cognizance of matters relating to commerce, planning and development  
 130 and finance, revenue and bonding. Such report shall include, but not be  
 131 limited to, a description of the activities undertaken by the office in the  
 132 preceding fiscal year, the number of community development  
 133 corporations established and certified in the preceding fiscal year, the  
 134 number and amounts of grants awarded to certified community  
 135 development corporation in the preceding fiscal year and a description  
 136 and the locations of the projects undertaken by certified community  
 137 development corporations in the preceding fiscal year.

This act shall take effect as follows and shall amend the following sections:		
Section 1	July 1, 2022	New section

***Statement of Purpose:***

To (1) establish the Office of Community Economic Development Assistance to incentivize the establishment and certification of community development corporations in the state to encourage

economic and community development in target areas, (2) provide funds for a grant program for projects undertaken in a target area, and (3) provide a tax credit for investments made in such corporations.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*